

Turn-key Fine Art Installation, Storage, and Shipping Business

This 22-year-old business provides a full range of fine art services primarily in the Pacific Northwest including installation, crating & packing, shipping & delivery, storage, and a west coast art transportation shuttle. The business primarily serves art museums, art galleries, artists, trust companies, estates, and corporate and high net worth individual art collectors.

This business has a rare combination of characteristics that make it particularly attractive as a true turn-key acquisition target. It is small enough that it is affordable for an opportunistic individual to acquire (who can likely finance it using a SBA loan), but avails itself to growth opportunities (such as an industry roll-up) that are commonly pursued by professional investors or strategic buyers.

A few highlights include: long-term repeat clients with roughly 25% of the revenue coming from recurring-revenue storage; long-term management staff run the day-to-day operations (and there's a second layer of trained back-up staff to fill in); double-digit annual growth over the past five years that's primarily been based on repeat business and word-of-mouth; and strong diversification of revenue with no single client representing more than 5% of total revenue.

The business also has the added societal benefit of providing artists with living wage jobs and benefits.



The seller's desire to retire, along with his more limited operating role in the company in recent years provides a perfect opportunity for either an individual or complementary strategic acquirer to buy a turn-key company that performs well without needing to be fixed, but with additional opportunities for growth and improvement should a buyer choose to pursue them.

Listing Number	1000012023	12 Months
Type of Business	Fine Art Services	8/31/2019
Location	Pacific Northwest	Revenue
Year Founded	1996	Seller Disc Earnings
FT Employees*	12	EBITDA
PT Employees*	4	
Why Selling	Retirement	
Price	\$1,975,000	
Seller Financing	Possible depending on buyer, price, and deal terms	
Seller Financing Details	Up a 10% seller note for qualified buyers	
		\$1,934,730
		\$474,477
		\$436,077

* Not including single primary owner

Benefits of This Business

The business is largely passively owned, truly turn-key, and not dependent on a single person

The owner works about 30 hours a week, on average, primarily doing activities that could be out-sourced to an accountant (A/P and A/R management and oversight), along with dealing with strategic issues. There are two management team members who run daily operations, and there are two people cross trained who could likely take their place in the event of turnover.

A rare opportunity to make a good living working in the art industry

This would be a great business for someone passionate about fine art. The business involves supporting and dealing with artists, art museums, art galleries and corporate, personal & foundation art collectors.

Unlike with acquisitions of many small businesses, this is not just buying a job

Many small businesses are so dependent on the owner's knowledge and long work hours that when combined with modest cash flow, you are really just buying a job. In contrast, this business generates over \$436,000 in cash flow (12-months ending 8/31/19) after including a seller market rate salary in expenses, thus providing a real investment return, rather than just a paycheck for management labor.

Choose where to live and work

Because this business is not dependent on the owner for day-to-day operations it gives an owner flexibility in where they live. A buyer could choose to live anywhere (preferably within a few hours drive or plane ride) given that it isn't necessary to be involved with day-to-day operations - in fact, the current owner can be away for extended vacations without a problem.

Only one other direct competitor in the Pacific Northwest

This is a highly geographically fragmented industry. There is only one other company known to be providing similar services located in the Pacific Northwest. There are several small companies known of who serve other geographic markets. Because of the trust clients must have in the company handling valuable fine art, it would not be easy for a new market entrant to attract clients currently served by this company.

Steady modest double-digit sales growth despite limited marketing

From 2014 to 2018 compound annual sales growth has been a respectable 15.2%. Marketing is largely limited to sponsorships of three museum associations. Almost weekly this business gets calls from people saying "I didn't know you were here, or that anyone provided such a service." Perhaps greater marketing can boost sales growth.

A repeat and largely recurring cash flow stream from highly satisfied customers

Many of this company's customers provide year-after-year repeat business and the storage portion (about 25% of company revenue) is an even more attractive, predictable recurring monthly revenue stream which adds a nice level of stability to the business. The business enjoys a good EBITDA margin (in 2018 it was about 20%).

Opportunities

Wine Storage

There are many reasons why wine transport and storage could be a logical growth opportunity: 1) many high net worth collectors of art also have large and valuable wine collections; 2) some of the same safe and careful handling is required of both art and wine; and 3) both art and wine may require climate controlled storage.

Vintage Auto Collection Storage

Storage of collectable automobiles could be a logical growth opportunity for the following reasons: 1) many collectors consider their automobiles to be fine art that require the same careful handling and storage as paintings and sculptures (and they may have both fine art and autos to store); 2) it is best to avoid variability in temperature when storing vintage autos, which makes climate controlled storage, as is required for fine art, important; and 3) collectors of autos may appreciate, and be more comfortable, knowing that a company entrusted with the care of millions of dollars of fragile art is taking care of their vehicles (vs. a company that does general storage).

Art conservation services

As with any tangible asset, from time-to-time repairs and restoration of fine art is required to preserve its appearance and value. Art conservation services involving repair and restoration services could not only be cross-sold to current customers, but also it may attract new customers who may then use the business' other offerings.

Provide interior designer logistics and storage services

A challenge that interior designers have is that when they are ordering furniture, fabrics, rugs, art, and other products they need to have a place to receive and store such shipments before they are ready to be installed and also to ship or deliver such products to the location where they will be installed. A company in San Francisco, Enclosures International Corporation, is providing such a service. A similar service could be launched in the Pacific Northwest.

Do a roll-up in this fragmented industry

This is a highly fragmented industry with several small companies providing a similar service in different local geographic markets. An ambitious buyer could attempt to acquire other such businesses as part of a national roll-up. This may result in economies of scale, greater efficiencies, and a better way to serve clients who have locations in disparate parts of the country. If this business could be grown to >\$10 million in revenue and >\$2.5 million in EBITDA, it could likely be sold for a higher multiple of cash flow than if such businesses were sold as separate companies.

Financial

Year	2014	2015	2016	2017	2018	12 Mos Ending 8/31/19
Sales	\$1,021,515	\$1,185,824	\$1,401,890	\$1,544,277	\$1,799,110	\$1,934,730
Cost of Goods Sold	(\$210)	(\$5,571)	\$0	(\$321)	\$0	\$0
Gross Profit	\$1,021,305	\$1,180,253	\$1,401,890	\$1,543,956	\$1,799,110	\$1,934,730
Depreciation	(\$13,701)	(\$12,627)	(\$58,991)	\$0	(\$56,940)	(\$56,940)
Amortization	\$0	\$0	\$0	\$0	\$0	\$0
Sales General & Admin	(\$877,618)	(\$980,140)	(\$1,145,170)	(\$1,222,692)	(\$1,462,264)	(\$1,498,653)
Net Operating Profit	\$129,986	\$187,486	\$197,729	\$321,264	\$279,906	\$379,137
Interest Expense	(\$6,623)	(\$6,184)	(\$7,239)	(\$3,752)	(\$4,024)	(\$3,865)
Interest Income	\$0	\$0	\$0	\$0	\$0	\$85
Other Financial Income	\$1,965	\$0	\$250	\$0	\$9,502	\$10,326
Profit After Financial Items	\$125,328	\$181,302	\$190,740	\$317,512	\$285,384	\$385,683
Exceptional Expense	\$0	\$0	\$0	\$0	(\$682)	\$0
Profit Before Tax	\$125,328	\$181,302	\$190,740	\$317,512	\$284,702	\$385,683
Tax	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit After Tax (NPAT)	\$125,328	\$181,302	\$190,740	\$317,512	\$284,702	\$385,683
EBITDA	\$143,687	\$200,113	\$256,720	\$321,264	\$336,846	\$436,077
Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Fed & State Tax	\$0	\$0	\$0	\$0	\$0	\$0
Operating Free Cash Flow	\$143,687	\$200,113	\$256,720	\$321,264	\$336,846	\$436,077
EBITDA	\$143,687	\$200,113	\$256,720	\$321,264	\$336,846	\$436,077
Market Rate of Owner Salary	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
Seller Discretion. Earnings	\$182,087	\$238,513	\$295,120	\$359,664	\$375,246	\$474,477

Any financial or operating information relating to the company was prepared by, or from figures, documentation and information supplied by the Seller. Codiligent LLC, its principals, and employees can not guarantee the accuracy, completeness, quality, or reliability of information, financial data, or assumptions provided. A buyer should not rely on Codiligent LLC, its principals, or employees for any investigation, interpretation, or opinion as to the accuracy, completeness, quality, or reliability of said information. A buyer should conduct its own independent investigation and evaluation of this business opportunity, ascertain the accuracy, quality, reliability, and completeness of information provided, and assumptions used, and develop and rely on independently developed projections. Codiligent LLC, its principals, and employees shall neither be responsible for the accuracy, completeness, quality, or reliability of information, financial data, assumptions used, or projections provided, nor shall it be responsible for Buyer relying on said information and data.

BUYER REGISTRATION FOR CODILIGENT LISTING #1000012023

Thank you for inquiring about Codiligent listing #1000012023.

Confidentiality in this transaction is of utmost importance. A more comprehensive package of confidential information is available to qualified buyers who complete and submit the following forms to Codiligent LLC. You are welcome to submit an alternate certified personal financial statement in place of using the provided form.

Please submit these forms by email: e@codiligent.com or Fax: 888-324-5888

Name:	<input type="text"/>	Company:	<input type="text"/>
Email:	<input type="text"/>	Address:	<input type="text"/>
Phone:	<input type="text"/>	City, State, Zip:	<input type="text"/>
Mobile Phone:	<input type="text"/>	Website:	<input type="text"/>

Are you an owner, director, shareholder, manager, employee, advisor, or consultant to any other businesses in this business' industry? YES or NO (please circle one)

If you answered "Yes" to the last question, name the business(es) and describe your affiliation:

Please describe your career background in 2-3 sentences:

What's the source of your down payment:

What is the minimum average annual return on equity that you require? %

What are your top acquisition criteria?

1	<input type="text"/>
2	<input type="text"/>
3	<input type="text"/>
4	<input type="text"/>

What is most appealing about this business based on information you have already reviewed?

What concerns do you have about this business based on the information you have thus far?

What businesses / industries or geographic locations are of interest for an acquisition?

Businesses / Industries:	<input type="text"/>
Geographic Locations:	<input type="text"/>

CONFIDENTIALITY AGREEMENT FOR CODILIGENT LISTING 100012023

THIS IS NOT AN AGENCY AGREEMENT

Neither this agreement nor any other communications between Codiligent LLC and you will establish a Principal-Agent Relationship, unless explicitly stated in writing. Codiligent LLC represents the Seller. Nothing in this agreement shall be construed to create a Principal-Agent Relationship between you and Codiligent LLC. You agree and acknowledge that you will engage professional advisors as you deem necessary and appropriate in connection with a potential acquisition, and that Codiligent LLC is only providing you with certain information. You agree and confirm that you have neither engaged Codiligent LLC to provide any advice to you about an acquisition, nor will you rely on information provided by Codiligent LLC in making a purchase decision. Codiligent LLC makes no representation or warranty, express or implied, as to the truth, accuracy, or completeness of any information provided to Codiligent LLC by the Seller. You further agree that you have not established a Principal-Agent relationship with Codiligent LLC.

CONFIDENTIALITY

This Agreement is made between the undersigned individually, and any business entity in which the individual is employed by, an officer of, or has a financial interest in, as well as any such entity's officers, directors, employees, agents and advisors ("The Buyer") and Codiligent LLC for the benefit of Codiligent LLC and the owner ("The Seller") of the number-designated business listed above ("The Business") of which information is being requested.

In consideration of the disclosure of confidential information regarding The Business by Codiligent LLC to Buyer, it is understood and agreed that:

1. Confidential Information is defined as: all information received by The Buyer from Codiligent LLC or The Seller now and in the course of future investigations or due diligence, which is not available to the general public. This confidential information includes all oral, written, or electronic data inclusive of, but not limited to, records, reports, analyses, photos, plans, financial statements, policies, procedures, ideas, customers, samples, notes, and studies. Anything prepared by Codiligent LLC, The Seller, or another party pertaining to The Business is to be considered Confidential Information unless explicitly stated in writing otherwise by Codiligent LLC or The Seller. If there is any reasonable doubt whether anything is, or may be Confidential Information, it is.
2. The Buyer will not disclose any Confidential Information or make known by confirmation, that this company, division, or product line is for sale or that financing is being sought, either before or after termination of investigations or negotiations to any person or organization not authorized in this agreement.
3. Without specific prior written approval of Codiligent LLC or The Seller, The Buyer shall not provide any Confidential Information to any broker, intermediary, lending institution, prospective equity partner, syndication member, investor, or other financing source. If disclosure to such parties is desired, Codiligent LLC may require the execution of a separate confidentiality agreement with those parties.
4. The Buyer will not contact the The Seller's employees, customers, suppliers, competitors, accountants, bankers, or attorneys to discuss The Business or seek information about it, without written permission from Codiligent LLC or The Seller.
5. The Buyer will not contact The Seller directly unless authorized by Codiligent LLC.
6. All Confidential Information provided by Codiligent LLC or The Seller to The Buyer shall be used solely for the evaluation of a potential acquisition or financing decision, and shall not be used for any other purpose.
7. All Confidential Information shall be promptly returned or destroyed, as directed by Codiligent LLC or The Seller.
8. The Buyer shall not enter into any agreement for the purchase of stock or assets of any companies about which Codiligent LLC furnished information to The Buyer, unless said agreement contains an acknowledgement that Codiligent LLC is the procuring cause of such agreement and Codiligent LLC is entitled to a commission as agreed upon by such company and Codiligent LLC.

Dated at _____ am/pm this _____ day of _____ 20__.

Name (printed): _____ Phone: _____

Address: _____

Signature: _____

CERTIFIED STATEMENT OF PERSONAL WORTH AND INCOME

Name (printed): _____ Date: _____

Address: _____ Phone: _____

I certify that the following information is true & accurate (please sign) _____

ASSETS

AMOUNT IN US\$

Cash on Hand
US Government Securities
Other Stocks & Bonds
IRAs & Tax Deferred Retirement Accounts
Accounts, Loans & Notes Receivables
Cash Surrender Value of Life Insurance
Real Estate
Equity in Business Owned
Automobiles
Plane, Boat, RV, Motorcycle
Household Furnishings and Personal Effects
Other Assets

TOTAL ASSETS

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LIABILITIES & NET WORTH

AMOUNT IN US\$

Credit Card Debt
Line of Credit Balance
Notes Payable
Auto Loans
Liens on Real Estate
Plane, Boat, RV, Motorcycle Loan
Other Liabilities

TOTAL LIABILITIES

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TOTAL NET WORTH (ASSETS - LIABILITIES)

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SOURCE OF INCOME

AMOUNT IN US\$

Salary
Bonus & Commissions
Dividends & Interest Income
Business Income
Real Estate Income, Royalties
Other Income

TOTAL INCOME

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